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INTRODUCTION

As we begin the 21st Century, we also enter a new era in workforce development in this country. As President of the Interstate Conference of Employment Security Agencies (ICESA), I am proud to express my optimism for and strong belief in the publicly funded workforce investment system.

ICESA is the national organization that represents the state officials responsible for connecting job seekers with jobs. This includes managing the programs and services that provide resources for job seekers and employers such as the employment service, unemployment insurance, labor market information programs and, in almost all states, job training or workforce development programs. In most states, these officials are also responsible for coordinating workforce development one-stop centers, and they play an important role in welfare-to-work services. Our members are the lead officials in implementing the Workforce Investment Act. Several of our member state agencies, including my own, now administer the TANF program.

On behalf of my colleagues in the 53 states and territories, I want to express our thanks to the House Committee on Education and the Workforce and the Ways and Means Committee for conducting today's hearing. We are extremely interested in learning about the initial findings from the General Accounting Office's survey of state workforce agencies on the implementation of the Workforce Investment Act and the creation of one-stop career centers. My state was pleased to host the GAO staff earlier this year as they toured several of our one-stop offices and met with our state workforce investment board. We invite any of the committee members and/or your staff to our respective states to learn first hand how we are implementing this important legislation.

PROGRESS IN IMPLEMENTING ONE-STOPS THAT COMPLY WITH WIA

Over the past several years, the publicly-funded workforce system has undergone a remarkable transformation. Gone are the days of isolated unemployment offices, employment service offices and job training centers. Even before passage of the Workforce Investment Act, states were moving toward combining the various workforce-related programs into a seamless system where today's workforce learns tomorrow's skills and today's labor-starved employer can find tomorrow's promising employee.

We are just two days away from the official implementation date of the Workforce Investment Act. All states have made major progress toward implementing their one-stop vision, and our job seeker and business customers are able to receive an array of employment-related services at one location in a community, or through electronic means at various partner agencies.

A major challenge that states have under WIA is to actively engage the employer community in implementation. We want a workforce system responsive to employer needs. One of the challenges that has faced us as we implement WIA is focusing the state boards on the development of state plans, including the creation of strategic direction and economic development planning, while avoiding the inherent tendency to manage "minutia." Unfortunately, it is sometimes too easy for the bureaucracy to overwhelm employer members and involve them in "turf" battles or trivial details. As a former state board chair, I can tell you first hand the difficulties that face the business members on the boards as they attempt to understand the various programs and funding streams that make up the workforce investment system. These employer representatives have their own businesses to manage and it is hard enough to entice the private sector to become involved in our system. It is critical that we do not bury them in rules and regulations that discourage their participation.

As state planning has moved forward, the Department of Labor has done an admirable job in assisting states in developing WIA plans and providing technical assistance as we develop new policies and systems to support this new law. A great deal of progress has been made by state and local governments in bringing together the various Labor Department-funded programs under one roof in a career center or linked electronically within a local area. However, progress in bringing other federal programs into the one-stops has been a challenge. Reasons include conflicting messages and/or a lack of clear direction by the various federal departments to their state and local grantees on their participation in the one-stops. For instance, for a time, there was some confusion as to whether or not vocational rehabilitation funds could be used to support the one-stops.

Over the last several months, there have been several memoranda issued jointly by the Labor

Department and various other federal departments in an attempt to clear up the confusion noted above. However, these messages don't always filter down quickly to the state and local levels where the message really needs to be heard. Moreover, each of the other federal departments has its own statutes and service delivery systems that remain its primary focus. Often, these federal agencies face competing reforms, legislative mandates and different priorities that overshadow WIA. These factors together all add up to challenges that we must deal with on a daily basis.

It is my understanding that the Assistant Secretaries and key staff from the various federal agencies have been meeting on a regular basis with each other and with the Office of Management and Budget (OMB) and the National Performance Review (NPR) staff, in an effort to address some of the crosscutting issues that have arisen during WIA implementation. We applaud these efforts and look forward to benefiting from these discussions. At the state level we are engaged in similar efforts, aimed at eliminating the sometimes "artificial" barriers that exist between programs. The ultimate goal of these efforts needs to be: How do we provide quality seamless service for both job seekers and employers?

PROMISING APPROACHES

Through our national organization, ICESA, the states have participated in numerous forums where we share ideas with each other on cutting edge technologies, model memoranda of understanding, cost sharing models, and marketing initiatives, all focused on successfully implementing the Workforce Investment Act. ICESA's Web site, *The Workforce ATM* (www.icesa.org), has become the premier Web site for state and local entities to share model MOU's, state and local board agendas and announcements, and innovative ideas and approaches to service delivery.

Last year, ICESA sponsored a series of training sessions aimed at developing a WIA implementation strategy and building the state and local partnerships. Among the ideas discussed was that a one-stop system is not just a series of programs. The features of an effective seamless one-stop *system* include:

- Everyone can be served and have diverse needs met;
- Customers, service standards, and resources are shared;
- Components relate to each other and to other systems;
- Multiple programs have a single customer interface;
- Clear customer pathways exist from one service to another; and,
- Multiple programs share accountability for system performance.

There are many examples of promising approaches being used in one-stops across the country. For example, one of the important aspects of WIA is the availability of customer-friendly labor market information. In some states, labor market analysts are now housed in the one-stop centers, where they are providing critical local labor market information to businesses and economic development professionals as well as the education community.

Our country's workforce agencies are playing a vital role in the success of welfare reform. In states such as Utah, Wisconsin, and most recently Ohio, the workforce agency and the welfare agency have actually combined into one integrated agency, while in states from Vermont to Washington, the workforce agency has played a critical role in training and finding good jobs for disadvantaged family members. An increasing number of states are looking at consolidating the workforce and welfare programs into one agency and/or one service delivery system.

The new workforce system is also working closely with elementary, secondary and higher education. Innovative partnerships are being formed that mesh the individual's need for greater skills with the desire for better work opportunities. People no longer choose either education or work as though it were an "either or" proposition. The new economy demands a combination of work experience and skills improvement, or a person risks falling behind.

The other innovation that has literally transformed the publicly funded workforce system is the increased use and availability of self-service tools for our customers. It is the availability of these tools that has allowed us to expand our services to a broader cross-section of employers and job seekers. America's Job Bank, which is the compilation of all the state job banks, is the largest job bank on the Internet. Other nationally-supported tools that have been developed include America's Career InfoNet and America's Labor eXchange.

In the coming weeks, O*NET, a contemporary, interactive skills-based database and a common language to describe worker skills and attributes, will be unveiled on-line. Whether it's finding and retaining the right people, developing more effective job descriptions, or just getting the most recent occupational information available, O*NET is a solution for keeping up with today's rapidly changing world of work. On-line access reinforces the need for the U.S. Department of Labor's release of the suite of products for self-assessment of career options that complements O*NET to assist in assessing customers' needs for core, intensive, or training services.

These self-service and electronic tools can assist many customers, but they do not in any way reduce the importance of and need for staff. In fact, the use of these tools has allowed our front-line staff to focus on providing staff-assisted services to those customers who request or need them. The important difference between the publicly-funded workforce system's self-service tools and other commercially available tools is that we have an infrastructure of one-stop centers and staff to provide additional assistance to customers.

CHALLENGES

The challenges facing the new workforce system can be summed up in three words: (1) funding, (2) reporting, and (3) partnering.

As states have aggressively sought to implement their one-stop employment and career centers, local flexibility adapted to local labor market conditions has been an essential principle. However, as service delivery systems have been retooled and as corporate cultures have become more integrated, one truth has emerged anywhere you go--the core function of the one-stop system is "job connection." That is, at the very heart of a one-stop center is the ability of an employer to find an individual who is ready for work and can play a productive role in that business.

However, one-stop employment center funding realities do not support vision implementation. Many services are available to targeted populations within a one-stop employment center--welfare-to-work, TANF funded employment initiatives, vocational education service referrals, vocational rehabilitation employment assistance, and veterans' employment and training services--all are limited to individuals who fit a particular eligibility criteria.

Only one funding source supports the core function, job connection, and is universal--all customers can access it regardless of income or household size. It is the Wagner-Peyser Employment Service.

The Employment Service literally serves as the "heart" of the one-stop employment center. The rest of the one-stop employment center cannot function as an integrated, cohesive whole without the Employment Service functioning properly.

Since 1996, the Employment Service has received no increases in funding. Under the service model of WIA, with customers receiving first core services, then intensive services, and finally training services, states that have implemented WIA early and are further along with integration, are finding that WIA Title I dollars are almost exclusively being used for core and intensive services. This leaves state and local areas with the challenge of meeting the training needs of their local labor markets with little or no resources. In addition, the end of one-stop implementation grants and the transition from JTPA to WIA have resulted in many states and local areas having to layoff staff just as WIA is being implemented.

There are two key ways that Congress could help improve this situation. First, despite collecting more than enough Federal Unemployment Tax Act (FUTA) revenue to fund the Employment Service, the federal government has chosen to divert FUTA funds to other purposes. The workforce investment system has responded by spending more of the workforce investment grants on infrastructure instead of services. States have responded by spending their own funds on employment services. ICESA has responded by working with the U.S. Department of Labor and employer and worker representatives on a comprehensive reform package. This ICESA-sponsored work group is nearing agreement on a potential comprehensive reform that would solve this problem by linking Employment Service funding to workload and the current cost of providing services. This solution would go a long way toward adequate funding of employment and core services in the workforce investment system.

Second, WIA sought structural reforms in order to eliminate duplication and "organizational silos." However, I must emphatically stress that until "funding silos," which focus on serving carefully defined and limited populations and often have conflicting eligibility criteria, are remodeled to meet the structural changes contained within WIA, we will continually face integration challenges.

Another problem facing states is that the Department of Labor has proposed an unnecessarily complicated reporting system that goes far beyond the "minimally required" goal expressed in the Act. Under the Labor Department's proposal, we believe the burden of information collection and processing would be far greater under the WIA, as compared to that under the Job Training Partnership Act. The prospect of fewer resources to implement these programs for a universal population raises concerns that states will have to divert precious and limited resources to develop and maintain a reporting system instead of using these funds to provide services.

In a performance-driven system such as we envisioned under the WIA, accountability should rely on a limited number of clear, direct, and understandable outcome measures, reported to the Congress and the general public by the federal-state-local partnership that operates WIA programs. These measures should be developed by that partnership, and results should be statistically adjusted to account for state-to-state differences in economic conditions, industrial makeup, client characteristics, and services provided.

Finally, as I mentioned in discussing our funding challenges, convincing all of the required partners to truly participate in the one-stop is difficult at times. These partners often have their own service delivery systems and funding issues. They are primarily concerned with their federal authorizing statutes, which sometimes do not necessarily align with WIA.

Common definitions across all programs are a critical need if we are to provide seamless services. Moreover, systemwide measures will help ensure that these programs better align. Cost-sharing issues across various programs have surfaced as we move to co-location of programs. There is a constant need for funding for upgrading technology in the resource rooms and enhancing self-service tools.

In addition, as we grapple with these issues on a state and local level, we see the same difficulty manifest on the federal level. While the Department of Labor faces particular direction from the WIA law, the Departments of Education, Agriculture, and Health and Human Services do not. Thus, those other agencies often have statutory and/or regulatory barriers that inhibit integration. I can't emphasize enough the difficulties that this lack of coordination among the various federal agencies creates for states and local areas as we strive to provide services in a seamless fashion. Any help that the Congressional Committees can provide in "breaking down" these silos will give states more flexibility to design services that make sense and meet the workforce needs of our customers.

CONCLUSION

I do believe we are at the beginning of an unprecedented era in this country's workforce history. With some additional investment and encouragement by Congress, I know that whether we have a high-tech employer come to our office to participate in a job fair or a low-income mother with two kids looking for her first job, our system is prepared to meet the challenges of the new economy. Thank you for your interest and support.

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